Permanent Source Meeting - Los Angeles, USC Campus
March 13, 2008

What Should the Permanent Source Fund?

- Start with people of greatest need based on income, poverty, overcrowding, and rent burden

- Multi-family rental as primary emphasis

- Farm-worker housing

- Program should target people at 80-120% of medium income and those at 120-200% for higher priced areas. This will help get workers into counties where jobs are, like nurses, police firefighters – real middle class

- Self help housing programs that address 50-100% of area median income (AMI) - workforce homeownership

- Low-income homeownership programs, including workforce

- Supportive Housing Multi-family housing (MHP) with supportive services

- Some funding should go for Housing Trust Funds

- Housing infrastructure (transit, schools, an open space); leverage funds and put into smart growth/good land use planning. Continue momentum the State already started.

- Encourage planning dollars to go toward certain kinds of growth that support State land use/transportation goals

- Backfill MHP, has successfully leveraged 4% tax credits

- Rural housing, make sure rural areas are served

- Revitalize and rehabilitate existing housing stock to ensure that our low-income homeowners are able to remain in their homes living in warmth, safety and with dignity. Many of our Seniors living on Social Security cannot afford to make necessary repairs to the homes they have lived in for many years, resulting in their families most valuable resources deterioration

- Innovative Program: Have some funds for new demonstration programs; Leverage other public entities (e.g., LA Unified School District, community colleges) for students/staff to use their existing assets. Leverage everyone's money and land from organizations not historically involved in housing production. Reward jurisdictions or public entities who are using their existing resources

- Continue funding for Infill infrastructure tied to housing. Reduce burden on housing production funds to pay for public works costs.

- Educate public and elected officials in land use and planning

- Multi-generational housing is needed. We should design or plan to facilitate it.

- Funding should go to neediest population and should include rental assistance and housing related services

- Homeless prevention program

How should the money be distributed?

- HOME allocation formula streamline the process

- Block grant type of funding vs. projected based – i.e., entitlement communities get a set amount and non-entitled communities compete on a statewide level

- Supplement, not supplant, local jurisdictions funding

- Use current systems in place, do not reinvent the wheel

- Allocation to localities - creates the opportunity to fund local priorities in the localities.

- State funding should be prorata population

- HCD does a great job in distributing funds and should continue. Geographic distribution has been very important.

- Allocation to localities should be tied into housing element and federal housing plan accountability.

- Tie money into existing planning and build into the RHNA and housing element, whether by State or locality, where tae evidence demonstrates existing need

- Special needs populations need to have set aside. NIMBYism is a real problem

- Target localities with smaller populations but higher need and regulate

- Funding tied to transportation planning and performance – similar to Senator Steinberg's proposal

- Project based programs help for for sale housing

Sources of Funding?

- Document recording fee

- Hotel Tax/Transient occupancy tax (TOT)

- Transfer fee

- Real estate transaction fee

- Rather than a revenue fee, how can we create value for developers? Create a tax vehicle similar to property interest/tax deduction – e.g., employer provided tax credit for housing employees to retain or recruit. If the developer is a non-taxed entity, they could sell the tax credits.

- Tourist tax – Tourism creates jobs that require housing.

- Construction tax that could be reduced when affordable housing is produced

- State collections that include better enforcement – e.g., when LA added extra auditors to the budget process, they experienced better enforcement of and higher revenues from collection accounts. Dedicate increased resources collected for housing.

- Housing bonds

- Commercial linkage fees for larger business prorated for smaller businesses.

- Luxury tax

- Incremental reductions of mortgage interest/property tax write off based on property values above a specified amount and individual income/special needs – e.g., properties over $600,000 in value, elderly on fixed income, disabled

- Commercial – e.g., value on real estate, profits, etc.

- For local, county, housing authorities and other public agency districts that have responsibility to build affordable housing, that there be a portion of the General Fund Reserve set aside/designated for affordable housing and infrastructure for housing – i.e., a set aside of the General Fund. Or that there would be financial, funding or other incentives for local agencies to accomplish their housing goals.

- Port fee to help pay for TOD infrastructure (the containers coming in require/demand a workforce population (distribution & warehousing) that have the most need for public transit) A entire country is demanding products through our ports which affects how we circulate and develop our region. There is not enough work-force housing in our region to accommodate this population within reasonable reach of their jobs, thus having to commute from miles around to get to these jobs. A <u>port fee</u> to pay for TOD infrastructure development that would encourage affordable housing development and maybe even pay for some housing projects directly is justifiable, because the port activities created such a demand. Additionally, this would contribute into the port's calculations for their mandates to reduce emissions created by the trucking and shipping industry.

- Statewide linkage requirement or inclusionary zoning requirement - on density bonus to bring issues to the forefront and encourage/incentivize locals to address the need for a local density bonus that exceeds SB 1818 – e.g., LA County's density bonus of 50%

- Provide a new tax incentive/credit at the State level for private investment in affordable housing

- Raise the income requirement from 20% to 30% for the Redevelopment Low-Mod increment

- Reassess homes over a set value such as $600,000 every 10 years and deposit that increment into the Housing Trust Fund (requires adjustment to Proposition 13). Set a threshold based on the State median home price. Reappraisal triggered when cash equity taken out as well as when there is a change of ownership. Allowances can be made based on income or special needs – e.g., elderly on fixed income or disabled

- Commercial properties escape reassessment at time of sale due to ownership by partners. Modify this and designate a percentage of the reassessment and tie it to linkages with affordable housing.

- Gas tax with linkages between housing, transportation, jobs, and gas

- Redevelopment - allow for extension of redevelopment plans if tax is used for affordable housing construction, with 50% requirement

- Allocation from the proposed National Housing Trust Fund to the State. Make sure California gets its fair share.

- Special assessment can be made to homeowners based on the amount of Homeowners Association (HOA) fees that are paid (for condo and townhouse owners) or insurance (for home owners) for housing trust fund.
  The way it would work is, if an individual pays $3,000 per year in HOA fees the assessment could be 10% of that, or $300. In return the owner may be able to deduct all HOA or Insurance in its income filing. The math will have to be worked out, but it would be an assessment with the benefit of deducting something that they already pay. On the other side, that amount collected will have to be higher than the amount lost in the deduction in order to benefit the state. This way it will be a win-win situation for individuals and the state.

- Have developers donate homes (with a tax deduction to them) and have those homes raffled to citizens, all those proceeds can be put in this housing trust fund